



MEMORANDUM

TO: Mayor and Aldermen

FROM: Stephanie S. Cutter, City Manager *Stephane*

DATE: May 22, 2015

SUBJECT: 90-Day Summary – Short-term Vacation Rentals

As requested, please find attached the above referenced report for the period January 1 through March 31, 2015.

If you have additional questions or comments, please do not hesitate to let me know.

SSC

SHORT-TERM VACATION RENTAL REPORT JANUARY 1 THROUGH MARCH 31, 2015

This report is a summary of the short-term vacation rental activities since the City of Savannah approved the new regulation and amended the zoning code. Those actions aid in protecting the residential integrity of Savannah's neighborhoods while providing a level playing field for the lodging industry. The changes went into effect on January 1, 2015.

New regulation and amendment of zoning code

In 2014, the City approved two ordinances—zoning and regulatory—to address short-term vacation rentals (STVRs). An STVR is defined as an accommodation for transient guests where, in exchange for compensation, a residential dwelling unit is provided for lodging for a period of time not to exceed thirty consecutive days. A residential dwelling shall include all housing types and shall exclude group living or other lodging uses. This type of use may or may not include an on-site manager.

With the zoning amendment, the City was able to:

- 1) Create the use;
- 2) Provide a definition for the use;
- 3) Establish zoning districts where it is permitted and include use restrictions; and,
- 4) Establish parking requirements.

The regulatory ordinance allowed the City to:

- 1) Establish a certification process that stipulates compliance with certain items (e.g., proof of insurance, emergency contact, noise ordinance);
- 2) Define responsibilities of any rental agent; and,
- 3) Provide a process to address violations.

Implementation and Application Process

During the month of December, staff scheduled an open house for a period of two weeks to discuss the new regulations and review the application process with owners of STVRs. This information was also posted on the City's website.

The STVR application must be submitted to the Tourism Management and Ambassadorship Department (TMAD) for processing and includes:

- STVR application
- Business Acceptance Form
- STVR Rental Agent Written Certification Form
- Sworn Code Compliance Verification Form
- Written Exemplar between property owner/rental management company and tenant
- Proof of Ownership
- Proof of Insurance
- Non-refundable fee of \$150

Although the application requires a lot of information, it is necessary to ensure compliance with the new regulations. All efforts were made to coordinate with other City departments to streamline and establish a one-stop shop for processing STVR applications.

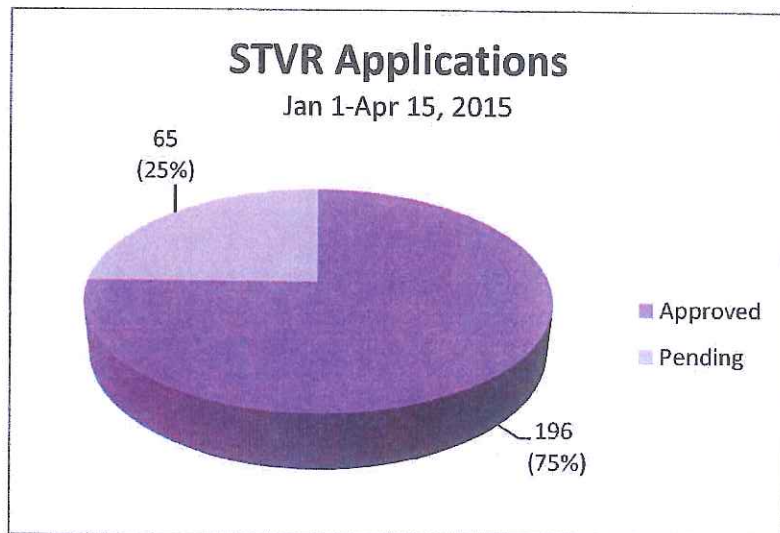
Once an application is received, the Business Acceptance Form is routed to Zoning for review. Some applications are not approved because they require conditional use by the Zoning Board of Appeals (ZBA) to ensure residents know of the proposed use change. Over the last three months, 12 STVR applications were approved by the ZBA. Previously, in 2013 and 2014, 19 properties secured ZBA approval for the Inn/Apartment Hotel use which is how the zoning code was defining STVRs prior to the new regulations.

While Zoning reviews the Business Acceptance Form, the STVR application is being processed by TMAD. Many times follow-up is done with applicants to ensure all information is included in the application. Zoning notifies TMAD, Revenue and the applicant if he/she has been approved. Once this occurs, TMAD issues the application a STVR number and notifies Revenue. If the property is being managed by an independent agent or property management company, a business tax certificate will have to be secured from Revenue under the company name. If an individual owner is handling the rental of the property, they will need to secure a business tax certificate.

Number of applications received and approved

The City has received 261 STVR applications. Of these, approximately 196 have been approved to operate as STVRs while 65 are in the process of being reviewed. Please note, these numbers represent the latest data from April 14, 2015.

With the \$150 initial application fee, the City has generated \$38,400. Please note, fees have not been collected on seven of the pending applications.



Three STVR applications were cancelled or withdrawn due to properties being sold.

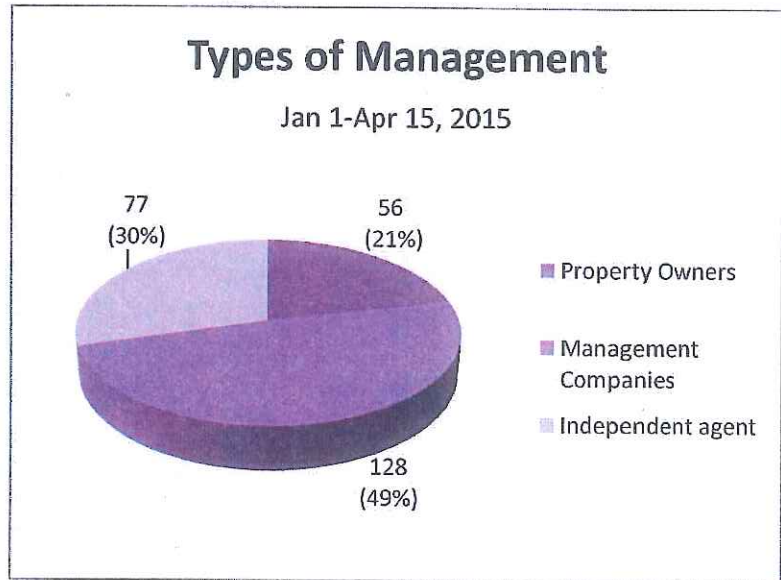
Types of Management

Three distinct management styles exist for STVRs.

The first is where a STVR property owner handles rental of the property. With this model, the property owner obtains a business tax certificate and remits the hotel/motel tax on their own. At this time, 21% use this form of management.

The second type is where a management company is engaged by the STVR property owner to oversee the rental operations. In this scenario, the property management company obtains a business tax certificate and remits the hotel/motel tax on behalf of the property owner. This represents the most popular method of management with 49% of the STVRs being handled this way.

The final management technique is when the STVR property owner engages an independent agent. Similar to management companies, the independent agent obtains a business tax certificate and remits the hotel/motel tax on behalf of the property owner. Data indicates that 30% of the STVRs are operated in this manner.



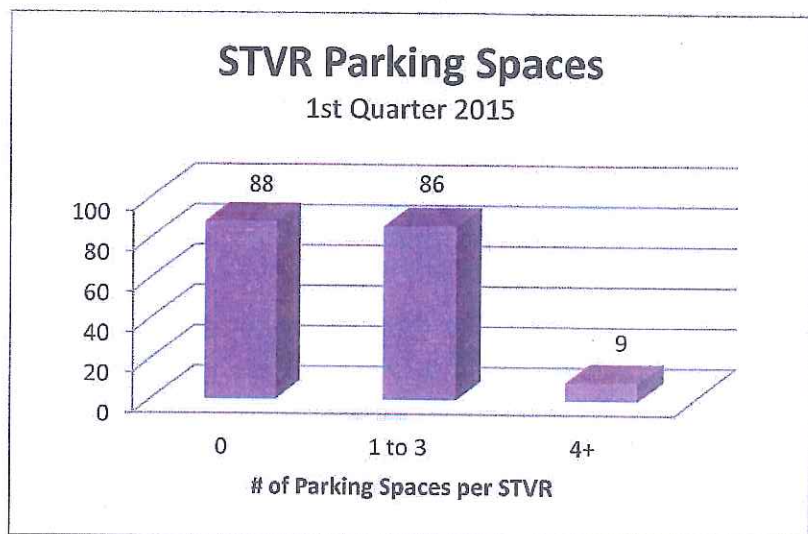
Ownership Trends

Ownership trends indicate 68% of the STVRs are owned by residents who live within Chatham County. The remaining 32% are from out-of-state or from other parts of Georgia.

Number of Parking Spaces and Bedrooms

Parking has been a problem for some time and was not created solely by the emergence of short-term vacation rentals. Rather, it is due to the increasing number of downtown users to include residents, visitors, students and businesses.

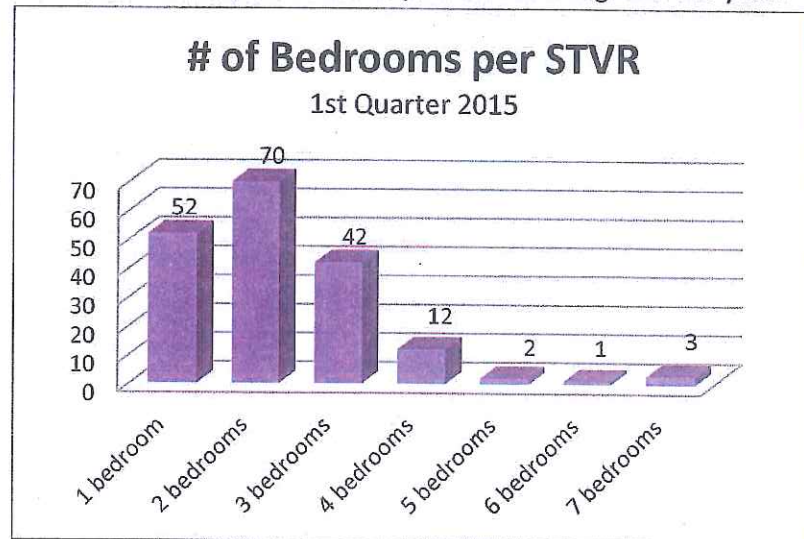
Through the short-term vacation ordinance, the City is able to address parking by limiting the



occupancy of the homes and requiring more parking for properties with more than three bedrooms—which is more than what is required for a residence at a particular location. Furthermore, a rental unit is unlikely to be occupied seven days a week throughout the year.

At this time, there are 207 parking spaces available for STVRs—and average of 1.1 spaces per property. The graph below indicates the number of parking spaces available for each STVR.

The majority of the STVRs have one to two bedrooms. Only 18 of the properties have four or more bedrooms.



Revenue

The Revenue Department has transitioned to a new software program called Govern to better preform administration functions to more efficiency process taxes and payments and manage delinquencies. Staff was able to program the system to track and monitor number of a 2015 business tax certificates issued and the amount of monthly hotel/motel tax being remitted for STVRs.

STVRs are required to remit the hotel/motel tax. At this time, 251 active hotel/motel excise tax accounts have been entered into Govern. Of these accounts, 132 are classified under NAICS Code #721199 and are STVRs.

For return period of January and February 2105, the City has received \$2,232,882 from all lodging accommodations. Additional reports will be generated through Govern to extract the amount of hotel/motel tax generated from STVRs. This data will be used to maintain compliance.

Listed below is a snapshot from Govern indicating how information is being tracked in Govern.

(1) Excise Tax Self Reported Tax Account Maintenance

General Links Conv Mail/Own Info

Name: Test Test
132 E Broughton ST
Savannah GA 31401

Notes & Comments

Account Number: 01000898

Category: Hotel/Motel

Status Information:
☐ Inactive
From: Until:

Default Reporting Period: Monthly Change Date:

Linked Property: Parcel # 2-0004 -39-002 NAICS Code: 721199

Date Opened: 1/1/2015 Contact Person: PERSON PERSON Business Lic Number: GBU000000 Business Name: BUSINESS BUSINESS

Date Closed: Contact Phone: 9126516540 SVR Number: SVR0000 Owner Name: OWNER OWNER

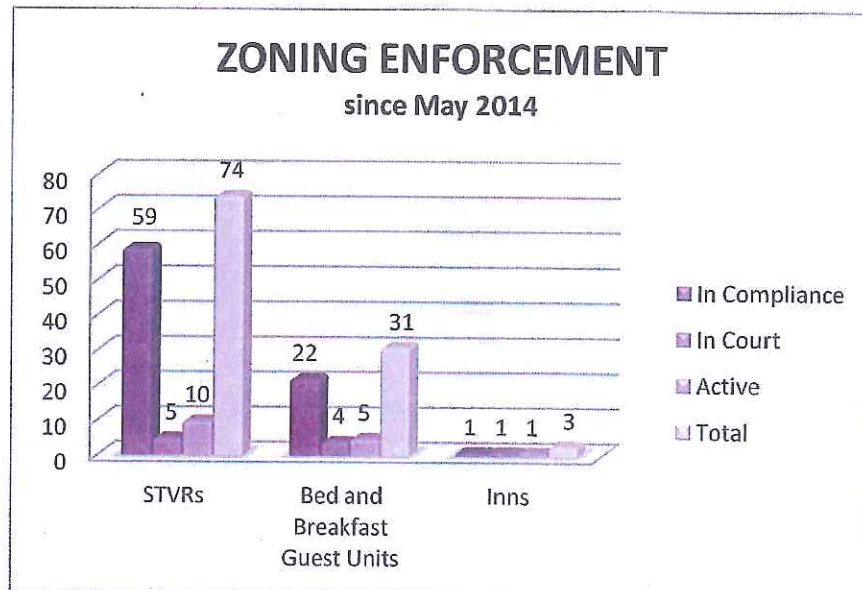
Editing Existing Record (3/7)

New Save Browse Exit

Enforcement

Several levels of enforcement need to be considered when examining the STVR market. TMAD is working on researching and contacting the estimated 100 STVRs operating without submitting an application. After contacting one property management company, nine applications were submitted and an additional 15 are anticipated. Contact has also been made with eleven individuals advertising on the internet resulting in three applications being submitted. For the suspect properties, action is being taken to subpoena them to Recorder's Court and issue them a \$500 fine for non-compliance with the new regulations.

Zoning is also actively enforcing non-compliance of STVRs, inns and bed and breakfast guest units in prohibited zoning districts.



The chart indicates a total of 108 lodging accommodations cases with 82 in compliance. Please note, Active refers to Zoning issuing a "Notice to Correct".

During the STVR application process, the rental of bed and breakfast guest units by someone other than the property owner was identified as an issue. The ordinance states that owner occupied units may be allowed to operate up to one bedroom as a guest unit. As the City reviews the internet for the rental of STVRs, efforts are being made to identify these properties to ensure the appropriate individual is renting them out. Additionally, these types of rentals need to have a business tax certificate and be remitting the hotel/motel tax.

Enforcement includes responding to STVR complaints. Since January, four STVR complaints have been received. Listed below is a summary of the outcome of these issues.

- In February, a homeowner expressed issues with noise and parking on social media. When the City received the information, the STVR representative was immediately identified and contacted about the complaint. Within 24 hours, the property owner decided to modify the lease agreement to only allow tenants over the age of 30 to rent the unit. No smoking in the courtyard was also added to the lease. Georgia Power assisted with the effort by coordinating with the local property owner and STVR representative to remove a pole allowing for more parking.
- An inn is adjacent to a three-story building with two of the stories being STVRs. In March, the innkeeper sent two images of vehicles parked on their private property and stated the drivers trespassed on private property. Based on the new regulations, the City will cite a property owner in violation of any zoning, building, health or life safety code provision. The parking and trespassing occurred on private property. If a vehicle parks illegally on private property, the vehicle should be towed by the owner of the lot.
- A dog barking complaint was received from a resident living next door to a STVR. After calling the management company with no results, the resident contacted SCMPD. Upon hearing the complaint, the City contacted the management company. They will be restricting pets from this property.
- In April, a concern was raised about STVRs parking on the tree lawns along Charlton Street. After monitoring the area randomly for two weekends, this activity was not noticed.

Short-term Vacation Rentals

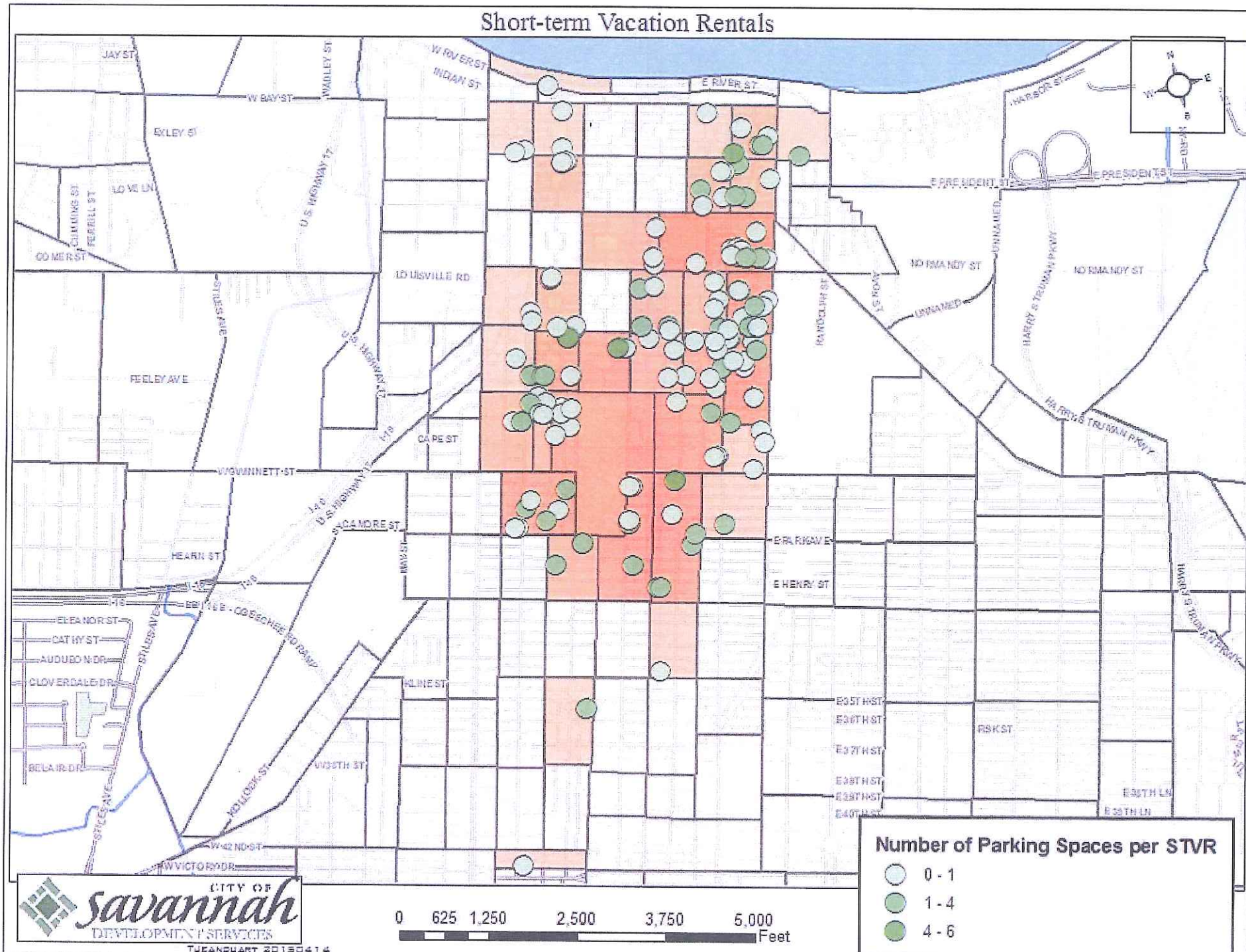
Map showing the distribution of Short-term Vacation Rentals (STVR) in Savannah, Georgia, categorized by the number of parking spaces per STVR.

Number of Parking Spaces per STVR

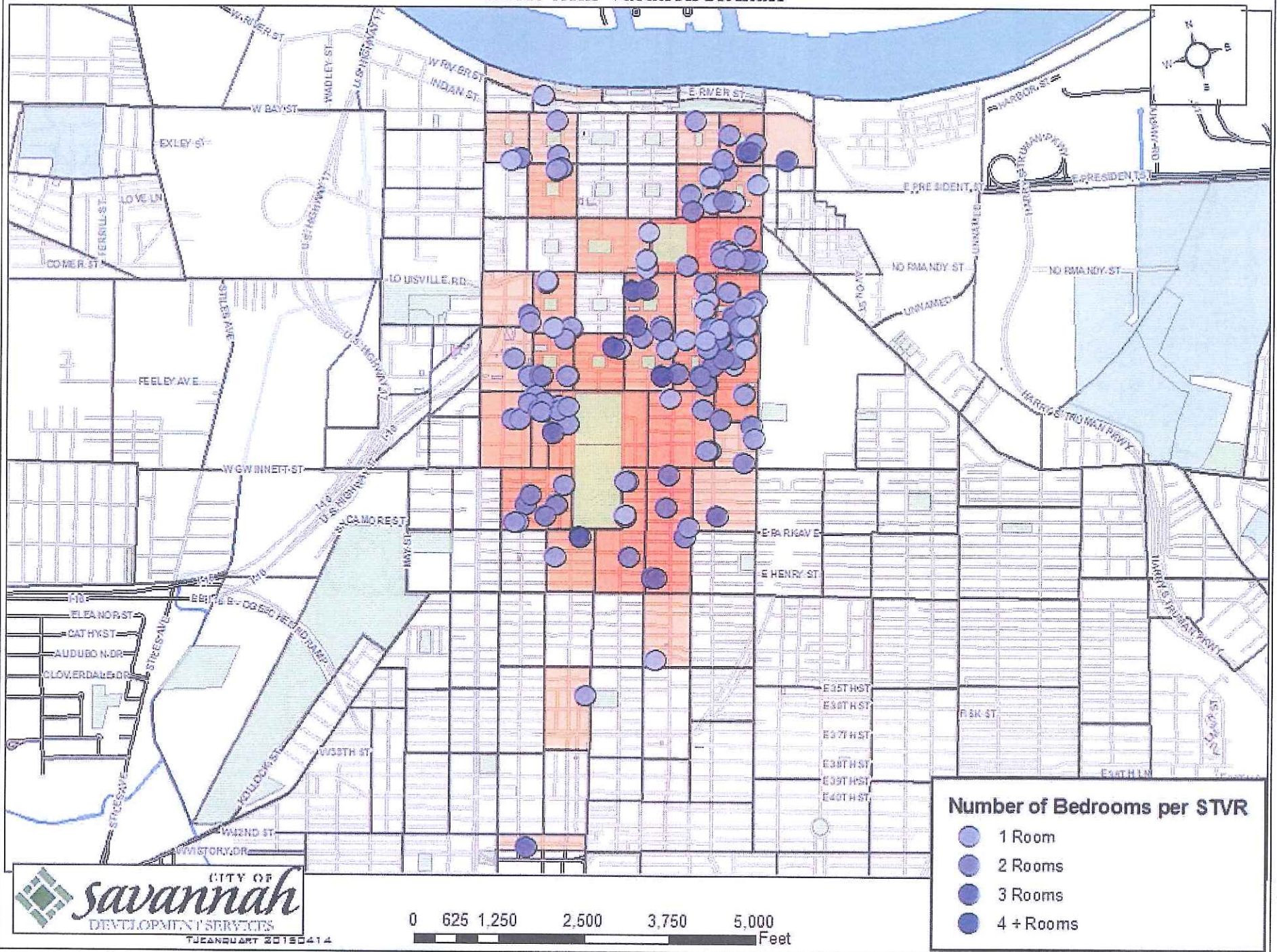
- 0 - 1 (Light Blue)
- 1 - 4 (Medium Green)
- 4 - 6 (Dark Green)

Map includes a scale bar (0 to 5,000 Feet) and a north arrow.

CITY OF savannah
DEVELOPMENT SERVICES
TUEANCHART 20180414



Short-term Vacation Rentals



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